a solid foundation for a strong tomorrow

PULSE DATA INC

ANNUAL REPORT 2003

Pulse Data Inc.

MISSION STATEMENT

Pulse's mission is to convert information into knowledge by acquiring valuable, long-life, non-exclusive data that can be licensed to a wide variety of users in the petroleum and other industries. The licensing of this information creates value for our shareholders, clients, employees and contractors.

CORPORATE OVERVIEW

Pulse Data Inc. ("Pulse" or "the Company") is a Calgary based seismic data library company specializing in acquiring, marketing and licensing non-exclusive seismic data in Western Canada. In addition, through Trango Technologies Inc. ("Tango"), Pulse is a leading supplier of GIS data management software to the North American oil and gas industry and, with the acquisition of Mosaic Mapping Corporation ("Mosaic"), will become one of the leading suppliers of world-wide digital terrain elevation data. The Company operates prudently using a disciplined approach that capitalizes on the expertise of its personnel, its strong financial base and the strength of long-term strategic alliances with contractors and clients.

Pulse has experienced significant growth in its seismic data library, increasing its database from less than 1,900 kilometres of 2D data in 1999 to almost 240,000 kilometres of 2D data, and approximately 5,300 square kilometres of 3D data in 2003. This significant growth has occurred in an environment of profitability and increasing financial strength.

Pulse trades on the Toronto Stock Exchange (TSX) under the symbol PSD.

NOTICE OF ANNUAL MEETING

The annual general meeting of the shareholders of Pulse Data Inc. will be held Thursday, May 20 at 10:00 am in the Aquitaine Tower Auditorium, Plus 15 Level, 540 – 5th Avenue S.W., Calgary, Alberta. Shareholders unable to attend are encouraged to sign and return the form of proxy mailed with this annual report.

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31,

($000s except per share amounts)	2003	2002	% Change
Revenue	**35,538**	31,613	12.4
Amortization of data library	**17,377**	12,480	39.2
Net earnings	**5,999**	6,118	(1.9)
per share - basic and diluted	**0.15**	0.16	(6.3)
Cash flow from operations	**27,440**	19,830	38.4
per share - basic	**0.68**	0.52	30.8
per share - diluted	**0.68**	0.51	31.4
Free cash flow	**5,576**	6,123	(8.9)
Working capital (deficiency)			
including current maturities	**(3,714)**	4,573	(181.2)
excluding current maturities	**458**	7,573	(94.0)
Total assets	**108,336**	98,939	9.5
Capital expenditures			
additions to the seismic data library	**22,006**	14,483	51.9
increase in surveys in progress	**8,326**	112	–
Long-term debt (net)	**16,269**	20,492	(20.6)
Current portion of long-term debt	**4,172**	3,000	39.1
Shareholders' equity	**63,125**	57,968	8.9
Weighted average shares outstanding			
basic	**40,419,367**	38,425,890	
diluted	**40,682,745**	38,871,739	
Shares outstanding at period end	**40,534,068**	40,407,434	

OPERATIONAL HIGHLIGHTS

AS AT DECEMBER 31,

Seismic Library	2003	2002	% Change
2D kilometres (net)	**239,013**	238,571	0.2
3D square kilometres (net)	**5,296**	4,336	22.1

VISION AND VALUES

Pulse strives for excellence.

We are continually developing better ways to help our clients by providing a high-quality seismic data library, superior customer service and practical, cost-effective data solutions along with innovative technology to assist them with their seismic data library needs.

We are continually seeking to identify new data types that will fit our business model, expand our client base and create value for our shareholders.

We are continually developing our long-term relationships with our contractors and suppliers through constant communication, fair compensation and on-going commitment to create more value for our clients.

We are continually developing a corporate culture conducive to attaining our common goals.

We are continually developing our disciplined approach to our business to create value for our shareholders, employees, clients and contractors.

HIGHLIGHTS FOR 2003

Completed the integration of ReQuest Income Trust

Initiated quarterly dividends

Completed one 2D multi-client seismic survey, totalling 435 kilometres

Completed six 3D multi-client seismic surveys, totalling 539 square kilometres net to Pulse

Purchased 5 data sets totalling 421 square kilometres of 3D data

Generated $20.4 million in data library sales, including a strong $6.8 million in the fourth quarter

Reduced outstanding library card obligations by a further $15 million to a balance of $10 million

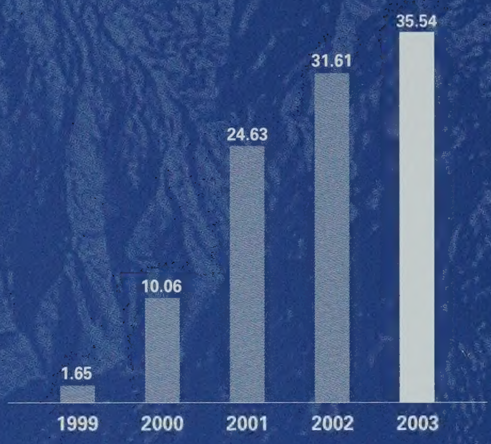
Reduced long-term debt by $3.2 million

Subsequent to year-end, entered into an arrangement to acquire all the outstanding shares of Mosaic

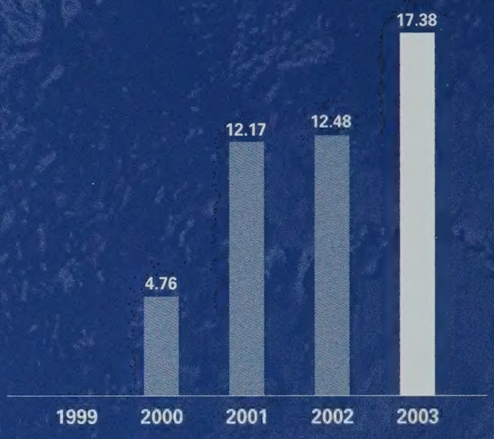
REVENUE SOURCES

($ millions)	Q1	Q2	Q3	Q4	**2003**
Data Library	3.6	4.6	5.4	6.8	**20.4**
Multi-client Surveys	3.4	7.6	2.0	–	**13.0**
Other	0.3	1.2	0.3	0.3	**2.1**
Total	7.3	13.4	7.7	7.1	**35.5**

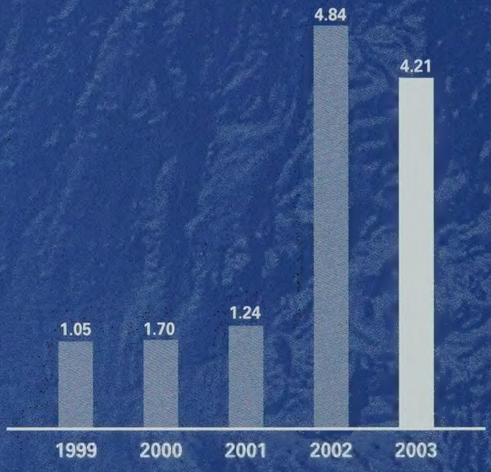
Revenue
($millions)



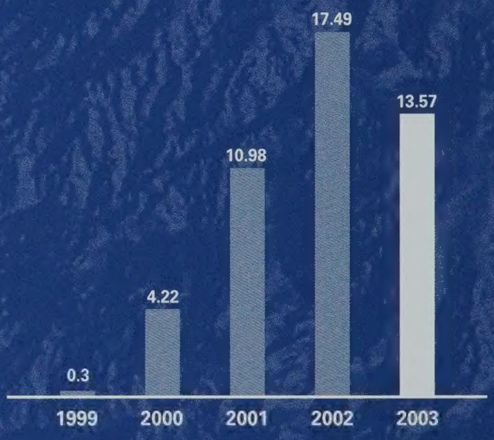
Amortization
($millions)



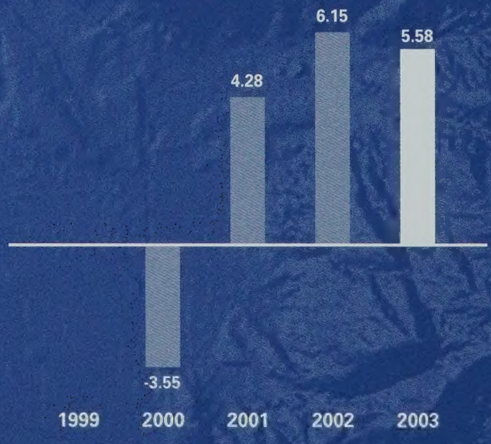
Operating Costs
($millions)



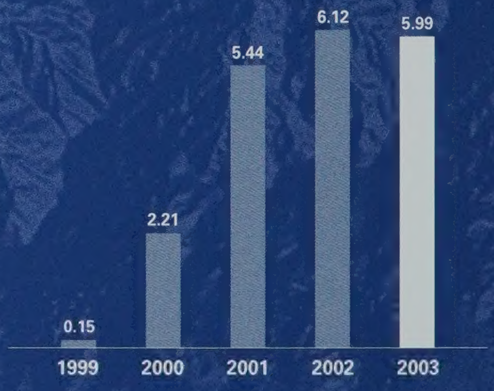
Gross Margin
($millions)



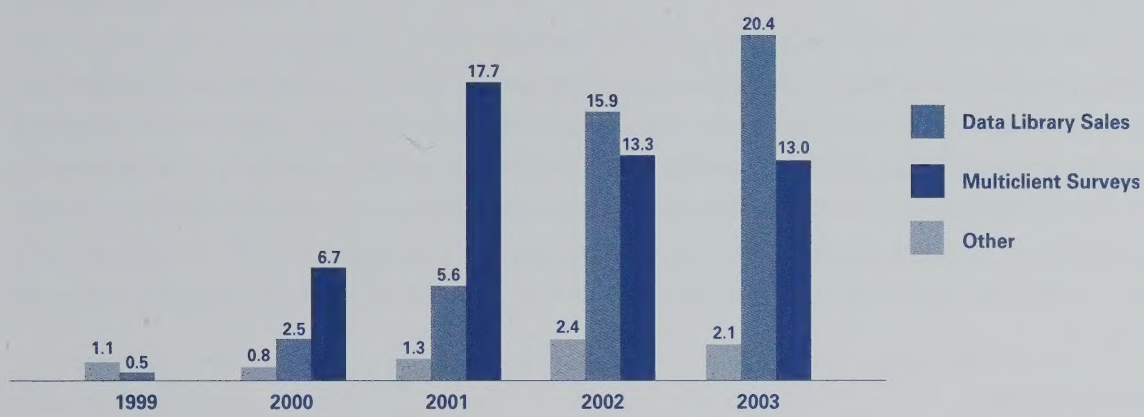
Free Cash Flow
($millions)



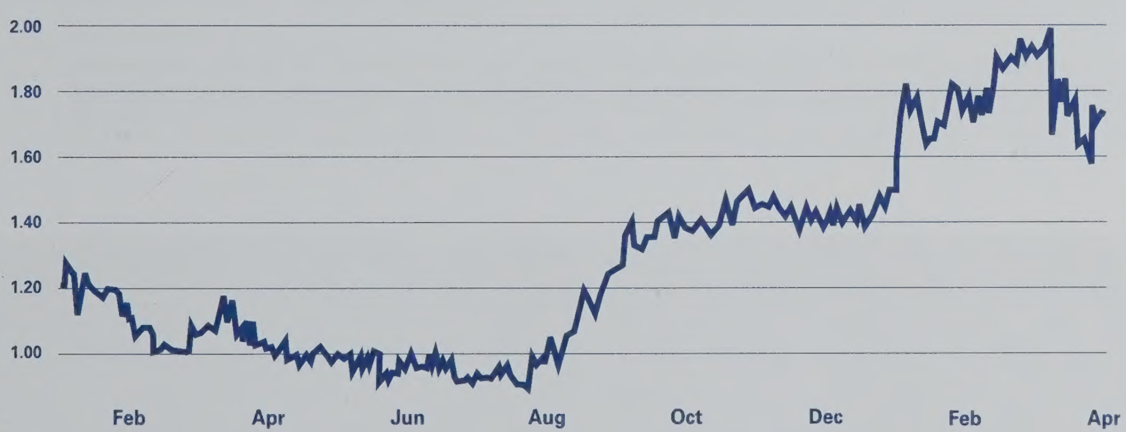
Net Earnings
($millions)



Revenue Sources
($millions)



Pulse Data Inc. (TSX) January 2003 - April 2004
(Canadian Dollars)



SHARE TRADING 2003

	Q1	Q2	Q3	Q4	**2003**
High	$1.28	$1.05	$1.43	$1.55	**$1.55**
Low	$0.97	$0.90	$0.81	$1.30	**$0.81**
Volume	1,464,551	1,620,089	3,879,744	7,221,856	**14,186,240**

PRESIDENT'S REPORT TO THE SHAREHOLDERS

Pulse Data Inc. is pleased to present its financial and operating results for the year ended December 31, 2003. The Company continued to grow its seismic data library by conducting multi-client seismic programs and acquiring proprietary rights to existing data. In 2003, Pulse increased its revenue, cash flow from operations, total assets and shareholders' equity, reduced its long-term debt and maintained stable net earnings and free cash flow. In addition, the Company initiated quarterly dividends in 2003. No new acquisitions were completed in 2003, as management continued to focus on completing the integration of ReQuest Income Trust ("ReQuest") and maximizing the value of the Company's data library.

OPERATING ENVIRONMENT

During 2003, the impact of strong commodity prices was finally felt in the oil and gas energy services industry. In 2002, exploration and production companies adopted a 'wait and see strategy', however, in 2003 activity levels increased as a result of strong commodity prices and increasing demand for oil and gas. As well, junior oil and gas companies and large companies newly created through merger and acquisition activity had completed their internal data library assessments and were purchasing data required to execute their exploration plans.

As exploration matures in the Western Canada Sedimentary Basin, the size and quality of newly discovered reservoirs is decreasing. Operators need to maximize their efficiency and seismic is an important tool for achieving this objective.

Deryl Williams President, Trango Technologies Inc., **Brent Gale** Vice President, Operations and Chief Operating Officer, **Ken MacDonald** President and Chief Executive Officer, **Douglas Cutts** Vice President, Finance and Chief Financial Officer

Natural gas was the focus of exploration and production activity in Canada, specifically northeast British Columbia and northwest Alberta – areas where Pulse is very active.

OPERATING RESULTS

During 2003, Pulse completed one 435-kilometre 2D multi-client survey and six 3D multi-client surveys amounting to 539 net square kilometres. In addition, Pulse began work in the fourth quarter of 2003 on three multi-client programs totalling 597 net square kilometres. The Company expected to complete and deliver one of these, the Sundance program, prior to year end; however, ground conditions did not permit this, and the completed program was delivered in February 2004. The other two programs were also delivered in the first quarter of 2004.

In November, Pulse purchased five 3D surveys totalling 421 square kilometres from the receiver of Gauntlet Energy Corporation.

In summary, Pulse added 442 kilometres of 2D seismic data and 960 square kilometres of 3D seismic data to its data library in 2003.

FINANCIAL RESULTS

For the year ended December 31, 2003, revenue increased 12.4% to $35.5 million from $31.6 million in 2002. Cash flow from operations increased 38.4% to $27.4 million from $19.8 million in 2002. Net earnings remained stable at $6 million despite increased revenue and cash flow from operations due to the increases in amortization expense and income tax expense.

Pulse had a negative working capital position of $3.7 million at year end, compared to a positive position of $4.6 million in 2002. This is due to the timing of ongoing multi-client surveys and the Company's revenue recognition policy.

"Pulse's business model for licensing seismic data is widely accepted in the oil and gas industry and can be applied to other types of data."

OBJECTIVE	PERFORMANCE
CORPORATE	
Pursue expansion strategies by adding complementary, profitable and well-managed businesses within the oil and gas services sector	No new acquisitions were completed in 2003, as Pulse focused on integrating ReQuest. This process was resource intensive and it was important to complete this step before undertaking further expansion. Due diligence commenced on the acquisition of Mosaic at the end of 2003.
MULTI-CLIENT SEISMIC SURVEYS	
Continue to develop 3D survey coverage in northeast British Columbia	Participated with an industry joint venture partner on five 3D surveys in NE BC, comprising 902 gross (451 net) square kilometres
Focus on recording new data over gas targets in the Alberta foothills and northeast British Columbia	Completed an 88 square kilometer 3D multi-client survey program in the Kakwa area of northern Alberta
Maintain the Company's position as the leader and provider of choice for the Western Canadian multi-client seismic survey market	Pulse, together with an industry partner, was a major supplier of multi-client 3D to the industry
SEISMIC DATA LIBRARY	
Enhance the licensing potential of the data through initiatives designed to improve the product, access to and the deliverability of the data	Streamlined quality inspection and data delivery processes
Develop an in-house marketing department responsible for licensing the data	Added a dedicated sales team to license the existing data base
Continue to investigate and evaluate new sources of seismic data from exploration and production companies or competitors	Purchased five new data sets from Gauntlet Energy Corporation
TRANGO TECHNOLOGIES INC.	
Release "Manager", Trango's next-generation software that combines its current software tools into one internet enabled application	Redesigned the Manager product from the ground up to meet the current and future seismic data management requirements of the exploration and development sector

When these surveys were delivered in the first quarter of 2004, $7.9 million of current deferred revenue, representing the prefunding by clients of these surveys, was converted to revenue.

Free cash flow in 2003 decreased 9% to $5.6 million from $6.1 million in 2002. In the fourth quarter of 2003 there were three major factors that contributed to an unanticipated reduction in net earnings and free cash flow for 2003, as summarized below:

EVENT	Effect on Net Earnings	Effect on Free Cash Flow
Delay of Sundance multi-client program	-$1.5 million	+$2.7 million
Gauntlet Data Purchase	nil	-$3.7 million
Unrealized but anticipated sales of 3D data which came off exclusive period in November 2003	-$1.2 million	-$1.2 million
Total	-$2.7 million	-$2.2 million

Since Pulse acquired ReQuest in January 2002, the Company has worked to increase the value of the data library through enhancing customer service, increasing pricing and reducing the assumed library card obligation. Since January 31, 2002 Pulse has reduced the outstanding library card obligation from $40 million to approximately $10 million at year end, and expects the balance to be minimal by mid 2004. Pulse paid a consideration of approximately $28 million for ReQuest and in the 26 months since the acquisition, Pulse's licensing revenue from the acquired data is in excess of $28 million. In light of these initiatives, Pulse feels that its goal of increasing the value of the data library has been substantially accomplished.

In September, Pulse initiated the payment of quarterly dividends. For each of the third and fourth quarters, Pulse paid dividends of $0.0125 per share for a total of $1,011,000. Subsequent to year end, the Company announced the same dividend for the first quarter of 2004, and the Company expects to continue the payment of dividends through 2004 and beyond.

LOOKING AHEAD

Commodity prices are expected to remain strong through 2004. Pulse expects strong exploration activity, fuelled by the need to find oil and natural gas reserves, will continue for at least the next two to three years. The 2004/2005 winter drilling season is expected to be especially busy. It is estimated that the Canadian industry will spend $1.5 to $2.0 billion on seismic-related work in 2004. This, of course, bodes well for Pulse.

A SOLID FOUNDATION FOR A STRONG TOMORROW

Pulse has several key strengths which provide not only a basis for growth in the seismic sector, but also a platform for diversification into related fields.

Pulse is also fortunate to have a knowledgeable and experienced management team and Board of Directors. Each member of the Board brings to the Company a history of successfully building and operating companies in the oilfield services sector as well as capital market and public company experience.

Pulse is also fortunate to have a very dedicated staff which constantly strives to improve the quality of our products and service to our clients.

The Company has a solid financial position with growing revenue, free cash flow and earnings, and declining debt.

Pulse operates prudently using a proven growth strategy which includes the strategic acquisition of complementary businesses and organic growth through new products, services and new markets.

Pulse's business model for licensing seismic data from a data library is widely accepted in the oil and gas industry and can be applied to other types of data in other industries.

For 2004, Pulse will continue to increase the value of its seismic assets through professional, innovative marketing and disciplined growth. The proper management of this asset will allow the Company to build its strong financial base and management expertise into new profitable complementary businesses. In this regard, the Company announced in early 2004 that it had entered into an agreement to purchase all the outstanding shares of Mosaic. Mosaic provides services and technology solutions in the fields of airborne and ground based digital terrain mapping (LiDAR) and digital imaging to a wide range of domestic and international customers using its proprietary, industry leading technology. Mosaic is engaged in an industry that is growing rapidly, and we believe that it has the basic ingredients to become a profitable industry leader. Pulse also believes that this acquisition will add to the Company's platform of data products, geographical markets, profitability and provide a significant area of growth to Pulse.

ACKNOWLEDGEMENTS

Over the past few years, Pulse has worked hard to establish a solid foundation for future growth. During 2003, the Company began to develop a plan to capitalize on that solid foundation of expertise, strategy and assets. With the acquisition of Mosaic, Pulse is entering into a new era of growth.

I would like to thank our employees, management team, Board of Directors and shareholders for helping to make this happen.

Ken MacDonald
President and Chief Executive Officer
April 19, 2004

REVIEW OF OPERATIONS

INDUSTRY

As long as there is an oil and gas industry, there will be a need for seismic. Seismic data is the most cost effective tool used to reduce the risk involved in exploring for and developing oil and gas reserves.

The seismic sector consists of four components :

Data Acquisition

Data acquisition comprises the field work conducted to obtain raw seismic data. This entails transmitting energy into the earth and recording the returning energy which has been reflected from subsurface geological structures.

Data Processing and Reprocessing

Processing involves translating the raw data into images that describe what lies below the earth's surface. Interpretation of the processed data can determine whether or not the area covered has potential for further oil and gas exploration and development.

Data Brokerage and Data Management

Data brokerage and management involves buying, selling and archiving seismic data for third parties.

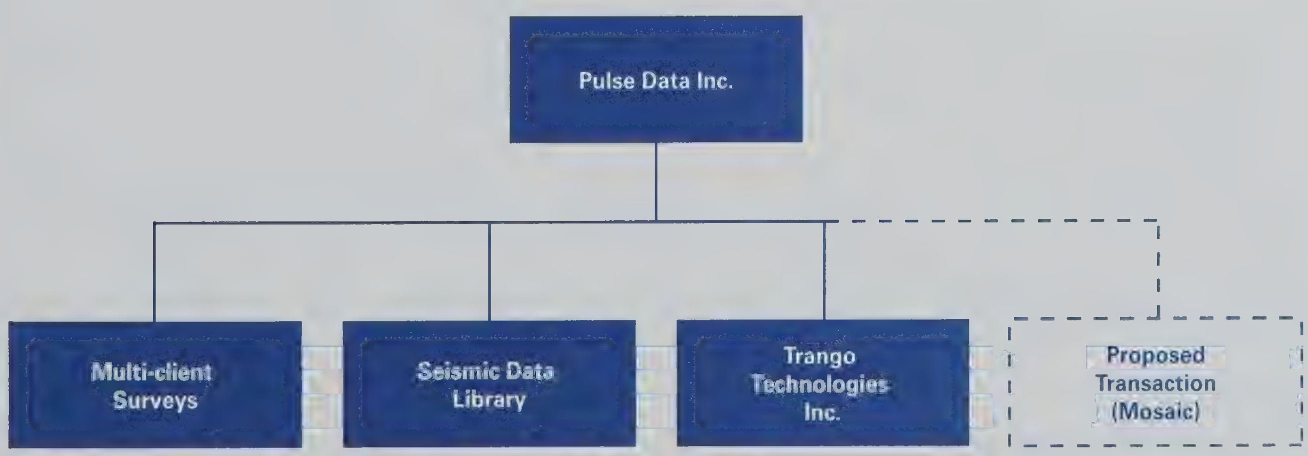
Data Library

Data library involves acquiring, through both shooting new data and purchasing existing data, a substantial library of seismic data for licensing to exploration and production companies. Because seismic data has a technical life of more than 30 years, it can be licensed many times to different customers.

Pulse operates in the data library component of the industry due to this component's lower net capital cost, lower risk, lower overhead, higher margins, fewer competitors and the long life of seismic assets.

PULSE DATA INC.

Pulse conducts its operations through three business segments, and with the acquisition of Mosaic Mapping Corporation, will enter a fourth segment:



MULTI-CLIENT SURVEYS

Business Focus

Multi-client surveys are programs where Pulse hires and supervises subcontractors to conduct a seismic survey in a particular area for one or more clients who share the costs of the survey. Such programs are generally 75% to 80% funded before work begins. Pulse retains the ownership rights to the seismic data and later licenses it to other interested clients.

Operational Highlights for 2003

In 2003, Pulse conducted one 435-kilometre 2D multi-client survey in the Osborne River area of northeast British Columbia. With an industry partner, Pulse completed five 3D multi-client surveys totalling 451 net square kilometres in northeast British Columbia and one 88 square mile 3D survey in the Kakwa area of northern Alberta. Multi-client surveys contributed $13.0 million, or 36.6% of total revenue for the year.

Plans for 2004

Pulse will continue to grow its seismic data library through the acquisition of well researched multi-client programs.

SEISMIC DATA LIBRARY

Business Focus

Pulse owns and controls one of the largest, highest quality non-exclusive data libraries in the Western Canada Sedimentary Basin. Additions to the data library in 2003 were as follows:

2D SURVEYS

Location	Type of Acquisition	Net kms.
Osborne River area, northeast British Columbia	Multi-client Survey	435
Northern Alberta	Purchase	7
Total 2D		442

3D SURVEYS

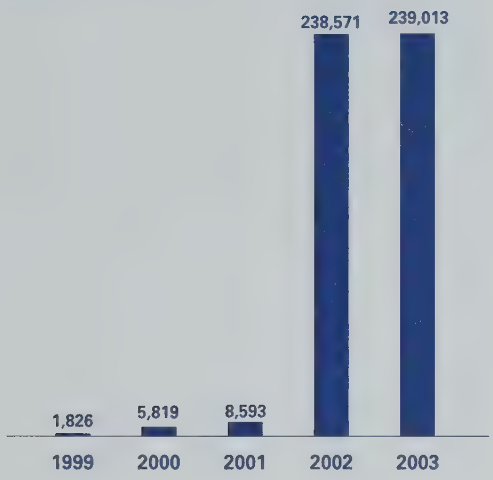
Location	Type of Acquisition	Net sq. kms.
Northeast British Columbia (five surveys)	Multi-client Survey	451
Kakwa area, northern Alberta	Multi-client Survey	88
Northern Alberta (five data sets)	Purchase	421
Total 3D		960

In 2003, data library sales contributed $20.4 million, or 57.5% of total revenue.

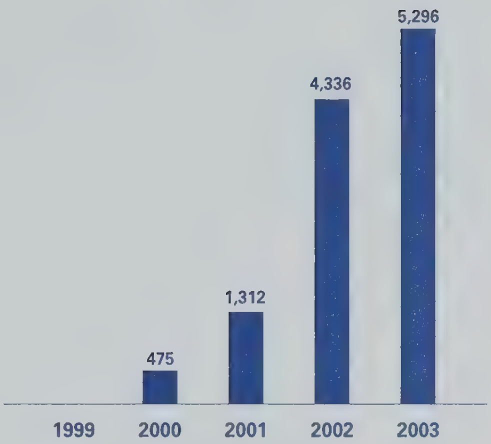
The data library at December 31, 2003 comprised approximately 240,000 kilometres of 2D data and approximately 5,300 square kilometres of 3D data. The following graph depicts the Company's cumulative data library growth.

CUMULATIVE GROWTH

2D Seismic Library
(kms.)



3D Seismic Library
(sq. kms.)



During 2003, Pulse added a sales team dedicated to licensing the existing database, and streamlined the quality inspection and data sales processes through the use of Trango's data management software and the TrangoNet solution. TrangoNet is an online catalogue of Pulse data that can be accessed through the Pulse website, allowing clients to view seismic line locations, inspect the data quality of the seismic line and to order a quality inspection version and data directly from Pulse.

Plans for 2004

Pulse is optimistic about its ability to continue to capitalize on the positive trends in retail data sales that started in 2003. The Company is focusing on increasing its internal sales effort, improving its data delivery process and stabilizing the pricing of its seismic data.

TRANGO TECHNOLOGIES INC.

Business Focus

Trango Technologies Inc., a wholly owned subsidiary of Pulse, provides enterprise-wide data management solutions to the petroleum industry that allow a diversified base of domestic and international clients to exploit their corporate seismic, geological, well and related corporate assets regardless of location. Many of North America's most successful companies are reducing their operating expenses and maximizing the return on their investment by launching services from Trango.

Trango has a solid reputation for providing a single source for software, system integration, training and consulting that ensures successful end-to-end implementation. Trango has gained extensive experience from migrating, merging and auditing databases for many of the top 100 petroleum companies. Trango has a strong, dedicated team of industry and technology experts that are focused on customer response.


BRITISH COLUMBIA
ALBERTA

PULSE'S SEISMIC DATA LIBRARY

Operational Highlights for 2003

During 2003, Trango concentrated on changing its business focus from development driven to market driven. Part of this involved redesigning Trango's Manager© product from the ground up to meet the current and future seismic data management requirements. Manager© has more than 90 functional changes that address end-user requirements and provide an efficient tool for managing enterprise-wide seismic data.

Plans for 2004

Trango's main focus in 2004 will be migrating existing Trango customers to the new version of Manager©, while monitoring growth and new market development. Trango understands there are significant markets outside of Canada, and is developing the strategy and infrastructure to address these markets.

Also in 2004, Trango will be working with prospective partners, and other service companies to strengthen the end-to-end value that Trango brings to the market. Many of Trango's customers have asked for system integration and value-added applications that will increase their productivity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion of the results of operations and financial condition for Pulse should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2003.

This Management's Discussion and Analysis contains forward-looking statements based upon current expectations that involve a number of business risks and uncertainties. The factors that could cause results to differ materially include, but are not limited to, economic and political conditions, oil and natural gas prices, weather conditions, industry activity levels, the ability of oil and natural gas companies to raise capital and other unforeseen conditions which could impact the licensing of seismic data supplied by the Company.

OVERVIEW

The year ended December 31, 2003 was Pulse's fourth full year of operations as a publicly traded company, and the second year since the acquisition of ReQuest Income Trust ("ReQuest"). During 2003, the Company continued to grow its seismic data library through the acquisition of data from multi-client survey program arrangements as well as the purchase of proprietary rights to certain seismic datasets. Increased retail sales from the seismic library in 2003 continued to confirm the long-term value of the Company's data library.

Since Pulse acquired ReQuest in January 2002, the Company has worked to increase the value of the data library through enhancing customer service, increasing pricing and reducing the assumed library card obligation. To this end, the outstanding library card obligation has been reduced from $40 million at January 31, 2002 to approximately $10 million at December 31, 2003, and we expect this balance to be minimal by the mid point of 2004. In addition, we have increased the pricing on the two major ReQuest data sets by a factor of three. In light of these results, Pulse feels that its goal of increasing the value of its data library has been substantially accomplished.

Revenues increased by 12.4% to $35.5 million in 2003 from $31.6 million in 2002. Pulse generated retail sales from its data library of $6.8 million in the fourth quarter of 2003, indicating continuation of the trend of increasing sales from the existing data library. Pulse increased its total data library sales in 2003 by 28% over last year, in addition to delivering approximately $15 million of seismic data relating to the assumed 2002 library card obligations.

Net earnings remained substantially the same at $6.0 million in 2003 compared to $6.1 million in 2002. Earnings per share, basic and diluted, for 2003 decreased to $0.15 per share from $0.16 per share in 2002. The revenue growth was offset by an increase of 39.2% in amortization expense, in addition to an increase of 27.8% in income taxes.

Cash flow from operations for the year ended December 31, 2003 increased 38.4% to $27.4 million ($0.67 per share diluted) from $19.8 million ($0.51 per share diluted) in 2002. The reason cash flow from operations increased significantly while net earnings remained the same is mainly due to the increase in amortization expense and the increase in future income tax expense in 2003 compared to 2002.

An important financial measure in the seismic business is free cash flow. This measure does not have a standard definition prescribed by generally accepted accounting principles in Canada, and therefore may not be comparable to other companies utilizing the free cash flow concept. The Company has disclosed free cash flow because it is used extensively by management, investors, analysts and others as a measure of the Company's financial performance, and as a metric by which to value the Company. Pulse defines free cash flow as cash available for debt servicing, discretionary capital expenditures and the payment of dividends, and is calculated as cash flow provided by operations less multi-client additions to the data library and monetary data purchases. In 2003, Pulse generated free cash flow of $5.6 million, a decrease of 9% compared to 2002 free cash flow of $6.2 million.

Three unanticipated events in the fourth quarter of 2003 had a significant impact on the financial results for the Company's 2003 fiscal year. First, unfavourable ground conditions delayed completion and delivery of the Sundance multi-client program. This, in turn, delayed the recognition of revenue from the fourth quarter of 2003 to the first quarter of 2004 and resulted in a reduction in net earnings of $1.5 million ($0.04 per share diluted) in 2003. However, the impact on free cash flow from the Sundance program would have been a reduction of $2.7 million in 2003. The second unanticipated event was the purchase of five data sets from Gauntlet Energy Corporation (which filed for creditor protection under CCAA in the third quarter of 2003) for $3.7 million which was completed in connection with a settlement of an uncollectible account receivable. This unplanned data purchase had no impact on net earnings, but resulted in a reduction in free cash flow in 2003 of $3.7 million. The data acquired in this transaction is primarily high quality 3D data which will generate future data licensing revenue. The third unexpected item affecting net earnings and free cash flow was the non-completion of expected sales of new 3D data that came off of the exclusive period in November, 2003. Pulse management had projected sales of approximately $2.0 million of this data in 2003 which did not materialize due to our customer's capital expenditure budgets being closed, and the substantial price cutting being offered by a competitor in the latter part of 2003. The impact on net earnings and free cash flow from this item was a reduction of $1.2 million ($0.03 per share diluted).

The financial impact of the combination of these three unanticipated events in the fourth quarter of 2003 was a reduction of $2.7 million ($0.07 per share diluted) in net earnings and a $2.2 million ($0.05 per share diluted) reduction in free cash flow.

REVENUE

For the year ended December 31, 2003, Pulse recorded revenues of $35.5 million, compared to $31.6 million for the year ended December 31, 2002 as detailed in the table below. The revenue levels in 2003 reflect a 28.1% increase in sales from the data library division, and a 2% decrease in sales in the multi-client survey division.

While an increase in multi-client sales for 2003 over 2002 was originally planned, Sundance a large multi-client survey program that had originally been projected for completion and delivery in late 2003 was not delivered until February 2004, due to unfavourable conditions early in the winter season. As a result, multi-client sales remained relatively the same as the 2002 level.

Pulse's third source of revenue, labelled as "Other" in the table that follows, includes revenue generated from project management fees which are earned for conducting exclusive seismic programs for clients. Pulse does not hold an ownership position in the data shot for these programs. In addition, other revenue also includes revenue generated by Pulse's wholly owned subsidiary, Trango Technologies Inc. which relates to software licence sales, support and installation service revenue.

Revenue Source

For the year ended December 31	**2003**		2002	
	Revenue ($millions)	**% of Total**	Revenue ($millions)	% of Total
Multi-client participation surveys	**13.0**	**37**	13.3	42
Data library license sales	**20.4**	**57**	15.9	50
Other	**2.1**	**6**	2.4	8
Total	**35.5**	**100**	31.6	100

Total library and commitment card sales contracts entered into during 2003 (including undrawn data) were approximately $2.8 million compared to $7.3 million in 2002. Based on the Company's policy of not recognizing revenue on these contracts until the seismic data is delivered to the customer, the total revenue recognized from the 2003 contracts in 2003 was $2.0 million. The total revenue recognized from the 2002 contracts in 2003 was $3.4 million. The balance remaining to be delivered is included in deferred revenue in the balance sheet.

AMORTIZATION

The most significant expense to Pulse is the charge for data library amortization. Amortization expense was $17.4 million (48.9% of revenue) for the year ended December 31, 2003, compared to $12.5 million (39.5% of revenue) for the year ended December 31, 2002. Amortization expense was approximately 39.2% higher in 2003 compared to 2002, due to the change in estimate in calculating amortization of the seismic data library as detailed in Note 1(e) to the 2003 consolidated financial statements. While the new method of calculating amortization provides a fixed predictable charge to earnings, the Company is continuing its policy of reviewing the value of the data library on an ongoing basis.

OPERATING EXPENSES

Operating expenses were $4.2 million for the year ended December 31, 2003, a decrease of 13% over the same period last year. In 2002, Pulse incurred increased operating costs relating to the purchase of ReQuest. While certain operating expenses such as selling commissions are variable, many are fixed and Pulse is able to achieve significant increases in revenues without raising operating costs proportionately.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative ("G & A") expenses were $2.5 million in 2003 compared to $3.1 million in 2002. This decrease in G&A expense is attributable primarily to the fact that 2002 contained an unusually high amount of expenses relating to the integration of Pulse and ReQuest. ReQuest had about 60 employees at the time of the acquisition, and it took a full year to affect the optimum staffing level and structure for the combined organization. Most of the staff turnover occurred in 2002, resulting in approximately $500,000 in severance costs being included in that year. Pulse remains very focused on cost control and continually endeavours to reduce both operating and G & A expenses where appropriate.

GROSS MARGIN

The gross margin of $13.6 million for the year ended December 31, 2003 represents the same level as recorded for the year ended December 31, 2002. The increase in amortization expense as a percentage of sales in 2003 compared to 2002 is the main reason for the gross margin amount remaining the same, despite higher revenue levels achieved in 2003.

INTEREST

Interest expense on long-term debt in 2003 was $1.4 million compared to $1.2 million in 2002. A higher debt level incurred in the fourth quarter of 2002 has led to higher interest payments in 2003. Additionally, in 2003 Pulse earned interest of approximately $157,000 from investing excess cash in the short-term money market, while in 2002 other interest of approximately $235,000 was paid as a result of a GST audit.

INCOME TAXES

The total income tax provision for 2003 was $3.8 million reflecting an effective tax rate of 39% compared to a total provision of $3.0 million and an effective tax rate of 33% in 2002. The current income tax rate in 2003 of 36.75% plus capital taxes of approximately $300,000 makes up the majority of the 2003 tax provision. The effective rate for the year ended December 31, 2002 was lower because of the reversal of a valuation allowance that had been taken on the acquisition of ReQuest.

DATA LIBRARY

Pulse spent $22.0 million on additions to its data library in 2003, as well as a further $8.3 million relating to seismic surveys in progress at December 31, 2003. The seismic surveys in progress will become data library additions in the first quarter of 2004. The data library additions acquired through multi-client surveys included a 435 kilometre 2D survey, an 88 square kilometre 3D survey and 451 square kilometres (Pulse's share) of jointly acquired data. As well, Pulse acquired approximately 421 square kilometres of 3D data and seven kilometres of 2D data through various data purchase arrangements.

Effective January 31, 2002, Pulse acquired ReQuest. In the December 31, 2002 Management Discussion and Analysis, the Company reported the following, "While the impact of this transaction in 2002 has not resulted in the achievement of sales levels originally anticipated, management firmly believes that there is significant value in the acquired data, and future data sales levels for the acquired ReQuest seismic library will support the purchase price." Pulse remains confident in the future value of the data library as supported by increased sales from this asset in 2003.

The data library acquired in the ReQuest purchase included significant pre-paid data delivery obligations ("library cards"). The revenue-generating potential of the ReQuest assets, in the short term, has been adversely affected as a result of these obligations. An outstanding obligation to deliver approximately $40.0 million of seismic data from the ReQuest library, as of the takeover date of January 31, 2002, was reduced by 38%, to approximately $25.0 million by the end of 2002, and by a further 38%, to approximately $10.0 million by the end of 2003. As each customer takes delivery of its data, new opportunities arise to sell them additional data.

It is anticipated that the majority of the remaining library card obligations will be fully drawn by mid 2004.

FUTURE TAX ASSET

The future tax asset has decreased 63.4% to $2.1 million at December 31, 2003 from $5.7 million at December 31, 2002 primarily as a result of the application of income tax loss carry forwards in 2003.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

Pulse had a negative working capital position of $3.7 million at December 31, 2003 compared to a positive position of $4.6 million at December 31, 2002. It is important to emphasize that this situation is temporary due to the work in progress balance at December 31, 2003 relating to $8.4 million in multi-client participation surveys in progress. These programs have been largely pre-funded and resulted in $7.8 million being recorded in current deferred revenue for the deposits and billings relating to these sales. When the data delivery for these programs occurred in February and March 2004, this amount in deferred revenue converted to revenue. It is also important to note that the debt covenants for the Company's long-term debt facility include a positive working capital covenant that excludes the current portion of long-term debt. Therefore Pulse is in compliance with all of its debt covenants at December 31, 2003.

The 34.9% increase in accounts payable and accrued liabilities from $11.0 million at December 31, 2002 to $14.8 million at December 31, 2003 is directly related to the high volume of survey work in progress at year end. The 39.1% increase in the current portion of long-term debt results from graduated monthly payments required on the long-term debt facility. Refer to Note 6 to the consolidated financial statements which outlines the remaining payment schedule pertaining to the long-term debt.

Accounts receivable at December 31, 2003 totalled $15.7 million, a decrease of 12.5% from the $17.9 million at December 31, 2002. While the 2003 balance includes a significant portion of receivables relating to the multi-client programs in progress at December 31, 2003, the December 31,2002 balance included amounts due to the Company that were under contract for data library cards sold to customers in 2002.

Pulse's 2003 financial results were very encouraging. Following a year of generally depressed industry activity levels in 2002, many financial and operating targets were achieved in 2003, and while year end results did not meet late year expectations, the reasons for this are identifiable and relate to timing differences in the recognition of revenue and earnings from the fourth quarter of 2003 into the first quarter of 2004. Pulse expects that its cash flow from operations will be more than sufficient to finance operations, debt servicing, budgeted capital expenditures and continued payment of dividends in 2004.

Financial Summary

($000s except per share amounts)	2003				2002			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	**7,111**	**7,765**	**13,379**	**7,283**	8,510	4,687	11,917	6,499
Cash Flow	**4,611**	**4,741**	**12,058**	**6,030**	5,637	3,081	7,100	4,012
per share-basic	**0.11**	**0.12**	**0.30**	**0.15**	0.14	0.08	0.18	0.12
per share-diluted	**0.10**	**0.12**	**0.30**	**0.15**	0.14	0.08	0.17	0.12
Earnings	**1,242**	**866**	**2,101**	**1,790**	2,135	931	2,187	865
per share-basic	**0.04**	**0.02**	**0.05**	**0.04**	0.05	0.03	0.05	0.03
per share-diluted	**0.04**	**0.02**	**0.05**	**0.04**	0.05	0.03	0.05	0.03
Total Assets	**108,336**	**90,870**	**91,337**	**113,655**	98,939	86,616	94,776	101,576
Long-term Debt (net)	**16,269**	**17,398**	**18,429**	**20,025**	20,492	17,554	15,133	17,025
Dividends	**505**	**505**	**–**	**–**	–	–	–	–

BUSINESS RISKS

An investment in Pulse shares should be considered speculative due to the nature of Pulse's business and operations. In addition to the other information in the report, prospective investors should carefully consider each of, and the cumulative effect of, all of the following factors.

Demand for Pulse's services and product depends primarily upon the level of exploration and development activity by oil and natural gas companies. These activity levels are directly affected by fluctuations in world energy prices, supply and demand for oil and natural gas, and to a lesser extent government regulation, including regulation of environmental matters, all of which are beyond the control of Pulse.

Pulse's surveys are historically completed in the winter season when frozen ground conditions permit the movement and operation of heavy equipment in the northern areas of Alberta and British Columbia. If an unseasonably warm winter prevents sufficient freezing to occur, Pulse may not be able to complete its winter seismic participation survey programs with the result that Pulse's operating results and financial condition could be adversely affected.

Pulse's ability to compete is largely dependent on its ability to produce high-quality seismic surveys in selected areas and to retain seismic acquisition contractors to complete the surveys. Lack of availability of such companies or services would impair Pulse's ability to produce seismic surveys.

The geophysical service industry in which Pulse operates is highly competitive. Pulse competes with other more established companies which have greater financial, marketing and other resources and some of which are large international geophysical services companies that offer a wider array of geophysical services to their clients than does Pulse. Pulse also competes with other companies that own seismic data bases on a "retail" basis. The licence price of seismic data is dependent on the supply of data in the marketplace as well as the demand for such data. If the supply of seismic data increases, there may be downward pressure on the data prices.

Pulse's operations are subject to a variety of federal and provincial laws and regulations, including laws and regulations relating to the protection of the environment. Pulse and the companies it subcontracts to conduct seismic surveys on its behalf, are required to invest financial and managerial resources to comply with such laws and related permit requirements in their operations and Pulse anticipates that it will continue to do so in the future. Although historically such expenditures have not been material to Pulse, such laws or regulations are subject to change and accordingly, it is impossible for Pulse to predict the cost or impact of such laws and regulations on its future operations. The adoption of laws and regulations, which could have the effect of curtailing exploration by oil and gas companies, could also adversely affect Pulse's operations by reducing the demand for its seismic surveys.

The seismic data industry has recently experienced an increase in demand for larger 3D seismic surveys. In comparison to the costs of acquiring 2D seismic surveys and smaller 3D seismic surveys in which Pulse has historically participated, the costs of such larger 3D seismic surveys are significant. In order to participate in such larger surveys, yet share the cost risks associated therewith, Pulse has sought strategic alliances with certain of its competitors.

OUTLOOK

Commodity prices are expected to remain strong through 2004, which should result in continued high levels of exploration and development drilling activity in the Western Canadian Sedimentary Basin, and a continuing strong demand for seismic data.

Pulse will continue to increase the value of its seismic assets through professional, innovative marketing and disciplined growth. The proper management of this asset will allow the Company to build its strong financial base and management expertise into new profitable complementary businesses. In this regard, the Company announced in early 2004 that it had entered into an agreement to purchase all the outstanding shares of Mosaic Mapping Corporation ("Mosaic"). Mosaic is engaged in an industry that is growing rapidly, and we feel that it has the basic ingredients to become a profitable industry leader. Mosaic provides services and technology solutions in the fields of airborne and ground based digital terrain mapping (LiDAR) and digital imaging to a wide range of domestic and international customers using its proprietary, industry leading technology. We believe that this acquisition will add to Pulse's diversity of data products, geographical markets, profitability and provide a significant area of growth to Pulse.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements and all information in the Annual Report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies in the notes to the financial statements. When necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality, and are in accordance with Canadian generally accepted accounting principles ("GAAP") appropriate in the circumstances. The financial information elsewhere in the Annual Report has been reviewed to ensure consistency with that in the consolidated financial statements.

Management has prepared Management's Discussion and Analysis ("MD&A").The MD&A is based upon the Corporation's financial results prepared in accordance with Canadian GAAP. The MD&A compares the audited financial results for the twelve months ended December 31, 2003 to December 31, 2002.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records properly maintained to provide reliable information for the preparation of the financial statements.

KPMG LLP, an independent firm of Chartered Accountants, was engaged, as approved by a vote of shareholders at the Corporation's most recent annual general and special meeting, to audit the consolidated financial statements in accordance with generally accepted auditing standards in Canada and provide an independent professional opinion.

The Audit Committee of the Board of Directors, which is comprised of three directors who are not employees of the Corporation, has discussed the consolidated financial statements, including the notes thereto, with management and external auditors. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Ken MacDonald
President and
Chief Executive Officer

Douglas A. Cutts
Vice President Finance and
Chief Financial Officer

April 19, 2004

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Pulse Data Inc. as at December 31, 2003 and 2002 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Calgary, Canada
February 20, 2004

CONSOLIDATED BALANCE SHEETS

December 31, 2003 and 2002

($000s)

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 9,018**	$ 6,123
Accounts receivable	**15,652**	17,896
Prepaid expenses	**234**	210
	24,904	24,229
Seismic data library *(note 3)*	**70,981**	66,210
Participation surveys in progress	**8,438**	112
Property and equipment *(note 4)*	**968**	1,204
Investments	**883**	1,376
Deferred financing costs	**103**	128
Future income tax asset *(note 5)*	**2,059**	5,680
	$ 108,336	$ 98,939
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 14,841**	$ 10,999
Income taxes payable	**54**	1,303
Deferred revenue	**9,551**	4,354
Current portion of long-term debt *(note 6)*	**4,172**	3,000
	28,618	19,656
Long-term debt *(note 6)*	**16,269**	20,492
Deferred revenue	**324**	823
Shareholders' equity:		
Share capital *(note 7)*	**42,098**	41,929
Retained earnings	**21,027**	16,039
	63,125	57,968
Commitments *(note 10)*		
Subsequent event *(note 12)*		
	$ 108,336	$ 98,939

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

J Graham Weir

Director

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31, 2003 and 2002

($000s except per share data)

	2003	2002
Revenue *(note 11)*	**$ 35,538**	$ 31,613
Operating expenses:		
Amortization of seismic data library	**17,377**	12,480
Operating	**4,207**	4,833
Depreciation of property and equipment	**385**	649
	21,969	17,962
Gross margin	**13,569**	13,651
General and administrative expenses	**2,518**	3,090
Interest:		
Long-term debt	**1,366**	1,202
Other	**(157)**	235
	1,209	1,437
Earnings before income taxes	**9,842**	9,124
Income taxes *(note 5)*:		
Current	**222**	1,647
Future	**3,621**	1,359
	3,843	3,006
Net earnings	**$ 5,999**	$ 6,118
Earnings per share:		
Basic	**$ 0.15**	$ 0.16
Diluted	**$ 0.15**	$ 0.16

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Years ended December 31, 2003 and 2002

($000s)

	2003	2002
Balance, beginning of year	**$ 16,039**	$ 7,801
Adjustment to eliminate deferred credit	**–**	2,120
Net earnings	**5,999**	6,118
Dividends paid	**(1,011)**	–
Balance, end of year	**$ 21,027**	$ 16,039

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2003 and 2002

($000s)

	2003	2002
Cash provided by (used in):		
Operations:		
Net earnings	$ 5,999	$ 6,118
Items not involving cash:		
Amortization of seismic data library	17,377	12,480
Future income taxes	3,621	1,359
Depreciation of property and equipment	385	649
Revenue on non-cash data exchange	(142)	(776)
Other	200	–
Cash flow from operations	27,440	19,830
Net changes in non-cash working capital items related to operations	2,069	2,317
Increase (decrease) in non-current deferred revenue	(499)	823
	29,010	22,970
Financing:		
Repayment of long-term debt	(3,192)	(25,839)
Long-term debt	–	23,300
Issue of share capital	135	90
Repayment of bank operating loan	–	(6,461)
Deferred financing costs	–	(128)
	(3,057)	(9,038)
Investing:		
Additions to seismic data library	(22,006)	(14,483)
Increase in participation surveys in progress	(8,326)	(112)
Dividends paid	(1,011)	–
Decrease in investments	493	73
Additions to property and equipment	(149)	(42)
Business combination costs	–	(663)
Net change in non-cash working capital items related to investing	7,941	–
	(23,058)	(15,227)
Increase (decrease) in cash position	2,895	(1,295)
Cash and cash equivalents, beginning of year	6,123	7,418
Cash and cash equivalents, end of year	$ 9,018	$ 6,123

During the year the Corporation paid interest of $1,358,945 (2002 – $1,436,595) and received interest of $157,086 (2002 – $49,465). During the year the Corporation paid income taxes of $1,493,691 (2002 – $1,194,822).

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2003 and 2002

(Tabular amounts in $000s except per share data)

Pulse Data Inc. (the "Corporation") is incorporated under the Canada Business Corporations Act and is a publicly-traded company on the Toronto Stock Exchange under the symbol PSD.

1. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from such estimates.

(a) *Basis of presentation:*

These consolidated financial statements include the accounts of the Corporation's wholly-owned subsidiary company, Trango Technologies Inc., as well as those of its wholly-owned trust, Request Income Trust and its subsidiary companies and limited partnerships.

(b) *Participation in joint ventures:*

Certain of the Corporation's seismic data acquisition activities are conducted jointly with others. These financial statements reflect only the Corporation's proportionate interest in such activities.

(c) *Revenue recognition:*

Revenue is recorded as and when seismic data is delivered. In the case of multi-client participation surveys, this occurs when the seismic work, including data processing, is complete and delivery to the customer has occurred. In the case of library cards (requiring the subsequent delivery of seismic data), revenue is only recognized when the client has chosen specific data and taken delivery thereof; until then the sales value is recorded as deferred revenue.

(d) *Cash and cash equivalents:*

Short-term investments with an original maturity of three months or less are considered to be cash equivalents.

(e) *Seismic data library:*

The capital cost of the seismic data library is amortized on a fixed basis, determined by reference to the estimated timing of the economic return. Additions to the data library arise in two distinct ways: (i) multi-client participation surveys and (ii) the purchase of existing data. The costs associated with multi-client surveys are amortized at 35% immediately on the delivery of the data to the participants with the balance being amortized on a straight-line basis over the seven-year period commencing at the end of the period of exclusivity, generally six months after such delivery. Similarly, the costs of purchased data are amortized on a straight-line basis over seven years.

The foregoing reflects a change in estimate from that employed by the Corporation for the year ended December 31, 2002 and for the six months ended June 30, 2003. This change has been applied prospectively, effective from July 1, 2003, with amortization calculated in relation to the residual economic life of each survey at that date. Amortization expense recorded for the year ended December 31, 2003 would have been substantially the same using the previous estimates.

For the year ended December 31, 2002 and the six months ended June 30, 2003 amortization was calculated based on estimated sales, with a time-frame ceiling of five years. Amortization was determined based on the relationship between current period sales and estimated future sales.

The Corporation reviews, at least annually, the carrying value of the data library to assess whether there has been an impairment in value. Additional amortization is recorded if it is determined that estimated future sales will not be sufficient to cover the carrying value of the asset within the seven-year period..

(f) *Property and equipment:*

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided on a declining-balance basis using the following annual rates:

Assets	Rate
Computer hardware and software	30%
Office equipment	20%
Leasehold improvements	Balance of the lease

g) *Investments:*

Investments are recorded at cost. Should the estimated fair value of an investment decline below its cost and this decline is considered to be other than temporary, the investment would be written down accordingly.

(h) *Deferred financing costs:*

Deferred financing costs are amortized over the term of the related loans.

(i) *Income taxes:*

Income taxes are accounted for using the asset and liability method whereby future income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using tax rates expected to apply when the asset is realized or the liability settled.

Up to December 31, 2001 a deferred credit, which arose on a purchase transaction effective August 1, 1999, was recognized in income in proportion to the realization of the future income tax asset recorded at that date. The original deferred credit represented the excess of future income taxes over the value of the assets purchased. The unamortized balance was adjusted, as necessary, to reflect changes in income tax rates. In 2002 the deferred credit was eliminated by way of an adjustment to retained earnings, in accordance with generally accepted accounting principles.

(j) *Earnings per share:*

Basic earnings per share is computed using the weighted-average number of common shares outstanding during the year, being 40,419,367 for 2003 and 38,425,890 for 2002.

Diluted earnings per share is computed using the "treasury stock" method whereby outstanding stock options are only dilutive if, and to the extent, that they are "in the money".

(k) *Stock-based compensation:*

In 2003 the Corporation adopted the amended accounting standard for stock-based compensation payments which requires the recognition of compensation expense for stock options granted to employees and directors. Under this method compensation expense attributable to stock options granted is measured at fair value at the grant date and expensed over the vesting period, with a corresponding increase in share capital. The Corporation does not incorporate an estimated forfeiture rate for stock options that will not vest; rather actual forfeitures are accounted for as they occur.

Pursuant to the transition rules, the expense recognized only applies to stock options granted on or after January 1, 2003. The impact of the adoption of this amended standard is disclosed in note 7(c).

In 2002 the Corporation adopted the new accounting standard for stock-based compensation. No compensation expense was recognized in the financial statements for stock options granted to employees and directors. Any consideration received on the exercise of stock options is added to share capital. In addition, the Corporation discloses the pro forma effect of accounting for the fair value of stock options granted in 2002.

(l) *Comparative figures:*

Certain figures with respect to fiscal 2002 have been reclassified to conform to the current year's presentation.

2. BUSINESS COMBINATION:

Effective January 31, 2002 the Corporation acquired all of the 10,984,846 issued and outstanding units of ReQuest Income Trust, a trust in the business of seismic data sales. The acquisition was accounted for using the purchase method of accounting with the results of operations included from the date of acquisition. The cost of the net assets acquired, at their estimated fair values, and the consideration paid were as follows:

Net assets acquired:		
Current assets	$	10,612
Investments		1,449
Seismic data library		48,945
Capital assets		1,424
Current liabilities		(19,272)
Long-term debt		(19,587)
Future income tax asset		4,314
	$	27,885
Consideration:		
Common shares (note 7(b))	$	27,175
Cash, for transaction costs, net of income taxes		710
	$	27,885

3. SEISMIC DATA LIBRARY:

	2003	2002
Cost	**$ 117,763**	$ 95,615
Less accumulated amortization	**46,782**	29,405
Net book value	**$ 70,981**	$ 66,210

During 2003 the Corporation completed a data exchange transaction with a value of $260,000 of which $142,000 was recognized as revenue and the balance was deferred. This exchange involved (i) the purchase of the proprietary rights to certain seismic data, the fair market value of which was recorded as an addition to the seismic data library, and (ii) the sale of software and services, for which revenue was recorded for the fair value thereof. This exchange was transacted on a non-cash basis.

During 2002 the Corporation completed four exchange transactions with a total value of $3,092,000. These exchanges involved (i) the purchase of the proprietary rights to certain seismic data, the fair market value of which was recorded as additions to the seismic data library, and (ii) the sale of licenses for the use of other seismic data, for which revenue was recorded for the fair market value thereof. One of these exchange transactions, for which the asset purchased and the revenue recorded was $776,000, was transacted on a non-cash basis.

4. PROPERTY AND EQUIPMENT:

2003	Cost	Accumulated depreciation	Net book value
Computer hardware and software	$ 2,703	$ 2,013	$ 690
Office equipment	481	280	201
Leasehold improvements	304	227	77
	$ 3,488	$ 2,520	$ 968

2002	Cost	Accumulated depreciation	Net book value
Computer hardware and software	$ 2,607	$ 1,743	$ 864
Office equipment	453	232	221
Leasehold improvements	304	185	119
	$ 3,364	$ 2,160	$ 1,204

Included in the foregoing at December 31, 2003 are assets under capital lease with a net book value of $141,000.

5. INCOME TAXES:

Income tax expense differs from the amount that would be computed by applying the basic combined Federal and Provincial statutory income tax rate to earnings before income taxes. The reasons for the differences are as follows:

	2003	2002
Earnings before income taxes	**$ 9,842**	$ 9,124
Combined Federal and Provincial income tax rate	**36.75%**	39.25%
Computed income tax provision	**3,617**	3,581
Effects of differences:		
Capital taxes	**299**	405
Current income tax recovery at different tax rates	**(80)**	–
Non-deductible expenses	**28**	24
Adjustments for enacted changes in income tax rates	**(16)**	(150)
Reversal of valuation allowance in acquired company	**–**	(875)
Other	**(5)**	21
Actual income tax expense	**$ 3,843**	$ 3,006

The components of the net future income tax asset are as follows:

	2003	2002
Future income tax asset:		
Foreign exploration and development expenditures	**$ 2,533**	$ 2,938
Non-capital losses	**541**	3,726
Property and equipment	**528**	–
Share issue costs	**249**	374
Other	**23**	–
Gross future income tax assets	**3,874**	7,038
Less valuation allowance	**1,100**	1,100
	2,774	5,938
Future income tax liability:		
Deferred partnership income	**715**	–
Capital assets	**–**	129
Other	**–**	129
	715	258
Net future income tax assets	**$ 2,059**	$ 5,860

At December 31, 2003 the Corporation had non-capital loss carry-forwards of $1,564,000 expiring in various amounts between 2007 and 2010.

6. LONG-TERM DEBT:

	2003	2002
Bank term loan repayable in set monthly installments which vary over the term of the loan, plus interest at the lender's base rate plus 2.75%	**$ 20,300**	$ 23,300
Capital lease obligation	**141**	–
Long-term accounts payable	**–**	192
	20,441	23,492
Less principal due within one year	**4,172**	3,000
	$ 16,269	$ 20,492

The Corporation has a $10,000,000 operating line of credit facility with a Canadian chartered bank. Drawings are repayable on demand and bear interest at the bank's prime lending rate plus 0.25%. The facility was not utilized throughout 2002 and 2003.

The bank term loan and the operating facility are secured by a first charge on all property and equipment and a floating charge on all other assets.

Principal repayments are due as follows:	
2004	$ 4,172
2005	5,297
2006	6,647
2007	4,325
	$ 20,441

7. SHARE CAPITAL:

(a) *Authorizfed:*

The Corporation's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

(b) *Common shares issued:*

	Number of Shares	Amount
Balance, December 31, 2001	17,297,687	$ 14,664
Issued on business combination (note 2)	23,029,747	27,175
Issued for cash on exercise of stock options	80,000	90
Balance, December 31, 2002	40,407,434	41,929
Issued for cash on exercise of stock options	126,634	135
Stock option expense	–	34
Balance, December 31, 2003	40,534,068	$ 42,098

(c) *Stock options:*

The Corporation has a stock option plan under which directors, officers, employees and certain consultants are eligible to receive options to purchase common shares of the Corporation. The options granted in 2003 and 2002 vest one-third on each of the first, second and third anniversaries of the date of grant and expire on the fifth anniversary. The options granted prior to 2002 are fully vested. At December 31, 2003 options to purchase 1,946,700 shares were outstanding at exercise prices ranging from $0.96 to $1.45 and having a weighted average remaining life of 3.29 years.

	2003		2002	
		Weighted average		Weighted average
	Options	**price**	Options	price
Outstanding,beginning of year	**2,455,000**	**$ 1.11**	815,000	$ 1.14
Granted	**510,000**	**1.11**	2,218,333	1.10
Expired	**(891,666)**	**1.11**	(498,333)	1.06
Exercised	**(126,634)**	**1.07**	(80,000)	1.13
Outstanding, end of year	**1,946,700**	**1.11**	2,455,000	$ 1.11
Exercisable, end of year	**727,810**	**$ 1.13**	386,666	$ 1.13

In 2003 the Corporation adopted the amended accounting standard for stock-based compensation payments as described in note 1(k). The impact of the adoption of this amended standard was a charge of $31,000 to general and administrative expenses with a corresponding increase in share capital. An expense of $3,000 was also recorded in 2003 in relation to options granted to a non-employee. The per share weighted-average fair value of stock options granted during the year was $0.52 using the Black-Scholes model with the following assumptions: risk-free interest rate of 5.5%, expected life of 5 years and a weighted-average expected volatility of 43%.

The Corporation continues to disclose the pro-forma earnings impact of stock options granted in 2002. If the fair value method had been used for options granted in 2002, net earnings for the year ended December 31, 2003 would have been reduced by $317,000 and earnings per share would have remained unchanged.

8. RELATED PARTY TRANSACTIONS:

The Corporation holds an approximate 50% undivided interest in certain seismic data totaling 1,765 net kilometers (0.7% of the Corporation's 2D data library) in which certain officers of the Corporation also hold undivided interests. The contract between the parties is for the management and licensing of the seismic data to third parties for a success-based fee and only permits payment of revenues to the related parties upon receipt of the licensing fees from the third parties. The amount due under these arrangements at December 31, 2003 was $110,968 (2002 - $163,922).

9. FINANCIAL INSTRUMENTS:

The carrying values of all of the Corporation's monetary assets and liabilities approximate their fair values.

Seismic industry practice includes participation in joint ventures and the use of brokers for the sale of seismic data licenses. In these circumstances the existence of intermediaries can limit the Corporation's control over customer selection and the collection of sales proceeds.

10. COMMITMENTS:

The Corporation is committed to annual operating lease payments as follows:

2004	$ 364
2005	164
2006	24
2007	8

11. REVENUE:

The Corporation specializes in acquiring and licensing non-exclusive seismic data. The inventory of seismic data is acquired by either shooting multi-client seismic surveys or by purchasing existing quality seismic data libraries. While the Corporation maintains a proprietary interest in the seismic data from all such surveys, the initial participants may be granted exclusive rights for an initial period during which the Corporation cannot license the data to others. Multi-client survey revenue includes all revenues for licenses sold prior to the delivery of the seismic data or the expiry of the exclusive periods, which ever occurs later. Thereafter the data forms part of the Corporation's seismic data library. The Corporation's activities also include other services related to the seismic industry, including software development carried out for the oil and natural gas industry by the Corporation's wholly-owned subsidiary, Trango Technologies Inc.

	2003	2002
Data library revenue	**$ 20,430**	$ 15,946
Multi-client survey revenue	**13,031**	13,288
Revenue from other services	**2,077**	2,379
	$ 35,538	$ 31,613

12. SUBSEQUENT EVENT:

On January 27, 2004 the Corporation announced that it had entered into a letter of intent to acquire all of the outstanding shares of Mosaic Mapping Corporation ("Mosaic"). The Corporation has agreed to offer as consideration 4,070,000 of its common shares plus $1,730,000 in cash for the outstanding shares of Mosaic plus an additional 387,000 of its common shares for the 6,575,166 outstanding warrants and options to purchase Mosaic common shares.

DIRECTORS

Clark Zentner (1)(3)
Chairman of the Board
Independent Businessman
Calgary, Alberta

Arthur Dumont (1)(2)(3)(4)
Chairman and Chief Executive Officer
Technicoil Corporation
Calgary, Alberta

Ken MacDonald (4)
President and Chief Executive Officer
Pulse Data Inc.
Calgary, Alberta

Graham Weir (1)(3)
Independent Businessman
Calgary, Alberta

Don West (2)(3)(4)
Independent Businessman
Calgary, Alberta

Douglas Cutts
Vice President, Finance and
Chief Financial Officer
Pulse Data Inc.
Calgary, Alberta

Notes
(1) Member of Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance Committee
(4) Member of the Environmental, Health & Safety Committee

OFFICERS

Ken MacDonald
President and Chief Executive Officer

Douglas Cutts
Vice President, Finance and
Chief Financial Officer

Brent Gale
Vice President, Operations and
Chief Operating Officer

Deryl Williams
President, Trango Technologies Inc.

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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: PSD

INVESTOR RELATIONS INFORMATION

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